

The Rocky Mountain Homes Fund (RMHF) is an innovative, first-in-the-nation program using proportionate home ownership to open up a pathway to individual teachers and their families who are currently renting or have unaffordable mortgages. These teachers have little hope of achieving the key element of the American Dream, home ownership. Additionally, the Weber School District (WSD) is currently hampered by a high turnover rate and a significant teacher shortage.

RMHF creates housing stability for teachers in the following ways:

1. Eliminates the need for a down payment in order to begin home ownership
2. Lowers the monthly cost of home ownership
3. Creates a rainy-day savings account for teachers while still lowering monthly home ownership costs
4. Reduces teachers' income-to-housing cost ratio

RMHF benefits the school district by:

1. Offering an ongoing incentive to participating teachers through a one-time investment by the district that produces a stable return in a secure investment portfolio
2. Creating a long-term incentive for teachers to remain employed by the district
3. Creating a stable housing situation for teachers, which decreases the need to shop for new employment in a different area where housing may be more available or affordable
4. Using existing funds to proactively and directly benefit the district's number one asset – teachers, and still produce a stable return for those funds

RMHF will work with the school district to implement the program for candidates that meet the district's criteria.

HOW THE RMHF PROGRAM WORKS:

1. WSD identifies a potentially qualifying teacher participant (individual or family)
2. RMHF performs an intake analysis based on the school district's and RMHF criteria;
3. For each qualifying teacher, determine an appropriate and affordable monthly payment based on their unique financial situation, and help them locate a suitable home;
4. RMHF will purchase the home, place each home into an individual LLC, and secure third-party financing for a portion of the cost of the home;
5. The teacher's monthly payment will be based on their proportional ownership. The payment will consist of three elements:
 - a. A portion of the payment will go to the third-party lender (the loan will be a 30-year amortizing loan based on RMHF's financial strength, not the family's);
 - b. A portion will go to RMHF for the balance of the cost of the home as an interest-only loan at 4%;

- c. The final portion is a mandatory savings requirement based on a minimum of 50% of their monthly savings from their pre-RMHF payment until they have a 3-4 month reserve established in a Fund-managed savings account.
6. As a result, each teacher's monthly payment for housing will be significantly less than their rent payment, AND they will be earning equity in a home they own AND creating a savings account that can be accessed in an emergency.
7. The teacher will enter into a rental contract with the LLC, where they:
 - a. Secure their right to purchase the home at any time during their tenancy, receive the equity benefit of their principle payments on the Loan, and their share of the appreciation of the home over time;
 - b. Commit to the requirements of the benefit program as designed by the school district; and
 - c. Have access to a Resource Integration Coach provided by the Weber County Center of Excellence to address any issues that prevent the teacher from becoming more resilient and stable.

The teacher is free to sell the home, refinance with RMHF or an outside lender, or remain in the program at their discretion. They maintain the full benefits of home ownership under this model. The LLC/lease model prevents the fund from having to foreclose if a participant fails in the program. The school district will commit to a minimum of a ten-year term on their investment. They will receive a quarterly payment based on an annual return of 2% on their investment during the term. The district will also receive their portion of the appreciation of the homes upon any sale or other triggering event when the gain is realized by the fund.

Our anticipation is that each home will require an average of \$125,000 in RMHF investment and will be matched by a similar amount with a 3rd party loan for an average home price of \$250,000. Based on these estimates, every \$1 million invested will provide affordable home ownership to approximately 8 teachers as a part of the RMHF program. We will have monthly reporting and quarterly distributions of income.

The following example shows the purpose and projected outcomes of the Weber School District/ Rocky Mountain Homes Fund Program. The Program benefits the District, the teachers and the community, while complying with the requirements of the Utah Money Management Act, WSD Board Rules, and other applicable State laws. Teachers will have an additional incentive to work for and remain employed by the District, helping with both attraction and retention, two of the most pressing issues in our educator workforce today.

Example

Mary is a 2nd year teacher in the school district. She is currently renting a two bedroom apartment in Ogden. Mary's current income to housing ratio is 44% - meaning 44% of her income is dedicated to the cost of housing. She is offered an opportunity to participate in the program.

Current Rent	\$1,550
Current Income	\$42,000
Current Income to Housing Ratio	44%
Approved Home Purchase Budget	\$250,000
WSD/RMHF investment	\$125,000
3 rd Party Loan	\$125,000
Required Down Payment for Home Purchase	\$0
Monthly Payment Under RMHF Program	\$1,248
New Income to Housing Ratio	35%

Now let's look at how the monthly savings and appreciation of the home benefit Mary. Home values in Utah have appreciated at about 3% per year for the last 80 years. The following numbers are based on that average.

Monthly Cash Savings	\$302
Annual Cash Savings	\$3,624
Teacher's share of 5-year appreciation (50% of total growth)	\$19,909
Total 5-year benefit to teacher (savings and appreciation)	\$38,029
Total 10-year benefit to teacher (savings and appreciation)	\$79,230

It's also worth noting that during the same 10-year period, the school district will have an economic benefit from its investment in Mary's home of about \$60,000. WSD gives Mary an effective 8.6% **cash raise** while improving her standard of living, providing her an opportunity to earn equity in her home, and increased stability in her job and the community.